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## The Single Tax

An Outline for Debate

The Question

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The outlines for arguments contained in this bulletin are for the purpose of suggestion, and for helps toward the consistent and systematic handling of the question. They are not to be regarded as final or complete. The real work must be done by the debaters themselves.

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## SINGLE TAX

The question involved may be framed for debate as follows:

*Resolved, That all public revenues should be raised by a single tax on land values; constitutionality granted.*

### I. General Statement

Henry George is often spoken of as being the originator and founder of the single tax doctrine. Such is not the case. The plan of raising all revenues for public purposes by a tax assessed against some single kind of property or based on some single criterion of wealth or ability is not a new one. There have been economists and tax reformers in the last two hundred years who have proposed single taxes on expenditure, houses, incomes, capital, and land.

The theory of the single tax on land values such as proposed by Henry George was promulgated a great many years before Mr. George presented it. Adam Smith in his *Wealth of Nations* recognized the fundamental basis of the land value tax, namely, that land values are created by society and not by the individuals owning the land. But the doctrine was first fully conceived and formulated by a French school called the Physiocrats. Henry George himself recognized this and dedicated his book, "Protection and Free Trade," "To the memory of those illustrious Frenchmen of a century ago, Quesnay, Turgot, Mirabeau, Condorcet, Dupont, and their fellows, who in the night of despotism foresaw the glories of the coming day."

The theory of the Physiocrats may be briefly set forth as follows: Land is the only source of new wealth and therefore the cultivation of the soil is the only really productive industry. Agriculture yields, in addition to the returns on labor and capital, a net product which is called rent. Since no new

wealth can come from any other source all taxes must of necessity come out of rent. If placed on other things, they would be simply shifted to the owner of the land. All revenues should therefore be raised by a single tax on the rent of land.

Later, John Stuart Mill did much to develop the single tax on land theory. Mill laid great stress on the fact that there is an enormous unearned increment in the increase in land values due to the growth of population, formation of cities and other influences outside the individual. About 1870 Mill was president of a Land-Tenure Reform Association in England. The following is an extract from their program:

"IV. To claim for the benefit of the State, the Interception by Taxation of the Future Unearned Increase of the rent of land (so far as the same can be ascertained, or a great part of that increase, which is continually taking place without any effort or outlay by the proprietors, merely through the growth of population and wealth; reserving to owners the option of relinquishing their property to the State, at the market value which it may have acquired at the time when this principle may be adopted by the Legislature." This differs from Mr. George's plan only in that it applies to future and not to all unearned increment past and future.

To Henry George belongs the credit of fully working out the single tax philosophy in its economic and social aspects and of stating the theory in a popular and effective form. His greatest work, "Progress and Poverty," was finished in 1879. It has been translated into several foreign languages and has aroused much interest and comment in all the civilized nations. The essence of the single tax doctrine is well stated in the following extract from Henry George: "All men are equally entitled to the use and enjoyment of what God has created and of what is gained by the general growth and improvement of the community of which they are a part. Therefore, no one should be permitted to hold natural opportunities without a fair return to all for any special privilege thus accorded to him, and that value which the growth and improvement of the community attach to land should be taken for the use of the community."

In practical application the full Henry George single tax has never been tried, but an approximation of it is in force in

several parts of the world, and it may be said that the general tendency of tax reform in all countries is toward the higher taxation of land values. The Australasian tax system includes a modified single tax. It is in operation in New Zealand and many parts of Australia. It permits any county to exempt from taxation all improvements and capital invested in productive industry. In 1892 New South Wales adopted a land tax and in 1901 Queensland exempted nearly all improvements from taxation. Vancouver, Victoria, Edmonton and other urban and rural municipalities of Western and Northwestern Canada have land value taxes, from which they raise the bulk of their revenues for local purposes. In Manitoba all improvements in or on land are exempt and taxes are levied upon "prairie values" alone.

At the November election in 1912 the people of Oregon rejected the single tax at the polls. In Washington several attempts have been made to secure the adoption of a tax on land values as a part of the system of local taxation. Everett adopted such a tax two or three years ago and a few months afterward repealed the law upon the adoption of a new charter. Last election in November, 1912, it was again adopted. The Everett charter provides for an exemption of twenty-five per cent of the personal property and improvements of the city in the year 1913, fifty per cent in 1914, seventy-five per cent in 1915 and then total exemption of improvements, placing the entire tax on land rental.

There have been two distinct lines of argument which have been put forth in support of the single tax. Isaac Sherman and his followers favored the single tax because they thought that the tax would be shifted to the consumers and would thus be diffused and every person would bear some share of the taxes. Henry George and his followers advocated the tax for a reason fundamentally opposed to this, namely, that the tax would stay where it was put and could not be shifted. Economists are agreed that the latter view is correct and that whatever the other objections to the tax the contention that it can be shifted to any considerable extent is untenable.

Two classes of persons have opposed the adoption of the single tax—conservatives who fear the results of the appropriation by society of rent, and socialists and other radicals who regard

the single tax as a half-hearted measure which will not remedy the fundamental defects of the social and industrial organization.

The conservatives are undoubtedly right when they say that the full application of the single tax amounts to the socialization of land, the abolition of private property in land as we now have it, the government becoming the universal landlord and the selling value of land tending to approach nothing. The very theory upon which single tax is founded, namely, that land values are God given or socially created, is inconsistent with the institution of private property in land, the essential element of which is the private right to the income from these natural or social values. There would still remain under the full single tax the right of possession and of alienation, the right to use the land for productive purposes with full control and ownership of the results of labor expended on the land and improvements made, but the bare land itself would pay back to society in the form of taxes the full value which the presence of society gave to that land. There would be community but not common ownership of land.

From the standpoint of the socialistic doctrine, the socialists are correct in their contention that the socialization of land would not greatly modify what, to them, is the fundamental defect in our industrial organization—the capitalistic system of production. Free land does not mean equality of opportunity because those with capital to improve land would have a great advantage over those without capital. The poor man has no capital and would be unable to improve the land. The land therefore would be held and improved as at present by the capitalist class and the poor man would continue to compete for the opportunity to sell his labor. Some socialists are opposed to the single tax because they feel that it would rivet the chains of the workingman. Others believe in it as a step toward the socialization of all of the instruments of production.

It is evident from what has been said that the full single tax is by no means merely a tax. It is a plan of reorganization of society with a primary view of securing a more equal distribution of wealth and incidentally raising revenues for the government.

Properly speaking, the term "single tax" as applied to the systems of taxation advocated by present day single taxers is a misnomer. The system which is usually proposed is not "single," but includes other taxes, such as franchise taxes and taxes on all monopoly profits, in addition to the land value tax; some of the single taxers would retain repressive taxes, such as the liquor license; others would include the inheritance tax as a part of their program. Also, the tax is usually proposed as a local tax and not as a state or national tax, but most of the adherents of single tax look upon the adoption of the single tax for local purposes as merely a step towards its application in the larger units of government.

## II. The Affirmative

All public revenue should be raised by a single tax on land values, because

- I. The present national, state, and local taxes are fundamentally defective, for
  - A. They are taxes on industry and improvements, and industry and improvements should not be taxed, for
    1. Taxes falling on the products of labor discourage their production.
    2. Taxes falling on improvements lessen the amount of improvements.
  - B. They are unjust taxes, for
    1. They can be easily evaded.
    2. They can to a considerable extent be shifted.
    3. They bear heavily on the poor.
    4. All taxes on the products of individual labor are unjust when society has a fund of its own from which to draw its revenues.
  - C. They are expensive, complex, and cumbersome, for
    1. They are levied on a great variety of objects and require complicated machinery, and duplication of machinery, for their assessment and collection.
- II. The single tax on land values will do away with the defects of the present system, for
  - A. It will exempt industry and improvements from taxation, for
    1. Land will bear the entire burden.

- B. It is a just tax, for
1. It cannot be evaded, for
    - (a) Land cannot be concealed or carried off.
    - (b) Land values can be easily determined.
  2. It cannot be shifted, for
    - (a) It will be paid out of rent.
    - (b) Landlords cannot pay the tax from an increase in rents, for
      - (1) Rents depend on supply and demand.
    - (c) Economists are agreed that the single tax cannot be shifted.
  3. It is a burden on no one, for
    - a. The fund upon which it draws is created by society, for
      - (1) All land values and all increase in land values are due to the presence of society, for
        - (a) If society were not there the land would have no value.
        - (b) Individual labor or improvements do not add to the value of the bare land.
    - b. It merely takes from the land owner the unearned increment of land due to presence of society, which increment is a social and not an individual product.
- C. It is a simple tax, for
1. There is one object of taxation, land values.
  2. Little machinery is necessary in order to assess and collect a tax on land values only.
- D. It is an adequate tax, for
1. It has a large fund from which to draw revenue in the annual rental value of land and in the increase in value of land from year to year.
- E. It is an elastic tax, for

1. The amount of revenue raised by the tax can be automatically raised or lowered by changing the rate, for
  - a. The fund on which it draws is much larger than is necessary for all governmental expenditure.
- III. The single tax on land values will bring about desirable economic and social re-adjustments which will be beneficial, for
  - A. The condition of the laboring classes will be improved, for
    1. Land will be comparatively easy to get, for
      - a. Idle land will be forced into the market and prices will fall, for
        - (1) It will be taxed at its full value.
        - (2) Speculators will not be able to hold it out of use and pay taxes on it.
    2. The slum problem will be remedied, for
      - a. Owners of cheap tenements will have to build better buildings in order to get sufficient income to pay the taxes on the land value.
      - b. Vacant land will be available at cheap prices.
      - c. The exemption of improvements will stimulate building.
    3. Wages will be increased, for
      - a. Employers will be obliged to pay workingmen the equivalent of what they could produce on the land, for
        - (1) Land will be available to anyone who will put it into productive use.
      - b. The opening up of the vast areas now held out of use for purposes of speculation will give a great amount of ployment to labor.
    - B. The farmer will be benefited, for
      - a. The products of his labor, such as crops,

his improvements, implements, stock, etc., will be exempt from taxation.

b. He will actually pay less taxes than at present, for

(1) The vast holdings of idle land in both cities and rural districts will bear their just share of the taxes.

C. All forms of industry will be stimulated by the exemption of labor, capital and all improvements on land, from taxation and by making the natural resources accessible to all.

IV. The single tax on land values has succeeded where it has been tried, for

A. It has greatly benefited Vancouver, Victoria, Edmonton and other Canadian municipalities.

B. It has worked well in New Zealand and Australia.

C. Taxes with some single tax features are being used successfully by England, Germany and other European countries.

### III. The Negative

Public revenues should not be raised by a single tax on land values, because

I. The present system of taxation is not inherently defective, for

A. On the whole, it is in harmony with the great principle of taxation that each individual should contribute to the support of the government in proportion to his ability to pay, for

1. Property taxes form the basis of our system of taxation.

2. Property is one of the best evidences of ability to pay.

B. It is a diversified system, and diversification in a taxing system is desirable, for

1. If any injustice results from one tax it is apt to be equalized or mitigated by the other taxes.

2. A diversified system is a more certain source of revenue, for

- (a) If one source fails, others can be drawn upon.
  - 3. It affords greater elasticity.
  - 4. It requires some contribution from practically every citizen.
  - 5. It permits the application of taxes for social or political purposes.
- U. The specific defects in the present system can be remedied by specific reforms without overthrowing the entire system, for
- 1. The greatest evil of the present system of state and local taxation—evasion—can be done away with by the classification of property for purposes of taxation and by the taxation of different classes at different rates, for
    - (a) If a low rate is placed on intangible and other personal property, the tax will not be evaded.
    - (b) The classified property tax has practically done away with evasion in the states where it has been adopted.
  - 2. Injustices in the present system can be remedied by the extension of progressive inheritance taxes in the states and the adoption of a progressive income tax by the federal government.
  - 3. The separation of state and local taxation will secure greater simplicity and effectiveness in the taxing system.
- II. Viewed solely as a system of taxation, the single tax on land values is defective, for
- A. It is unjust, for
    - 1. It fails to conform to the canon of taxation that all should pay taxes in proportion to their ability to pay, for
      - (a) It taxes individuals only in proportion to the value of the land which they own.
      - (b) It taxes the poor men's land and exempts

the rich men's personal property, mansions, skyscrapers, and factories.

- (c) It takes no consideration of income, productiveness of property, or any of the evidences of ability to pay.
  - (d) It exempts nearly all monopolies and trusts.
2. It discriminates against a certain class in society—the farmers, for
    - (a) It compels them to bear an undue share of the burdens of taxation.
  3. It discriminates against one of the elements of production, for
    - (a) Labor and capital should also bear some of the burden of taxation, for
      - (1) There are socially created values in labor and capital as well as in land, for
        - (a) The products of labor owe their value to the presence of society.
        - (b) The factory and store would be worthless if society did not offer a market for their products.
        - (c) The business man's profits and the income of the professional man are socially created values.
        - (d) Houses and all other improvements have the same kind of socially created value as has land.
  4. It is unjust to take the increment of land in taxes and not reimburse the landowner when there is a decrement in the value of his land.
- B. It is difficult of assessment, for
1. It is often impossible to determine land values exclusive of improvements, for

- a. The value of irrigated, cultivated or fertilized land cannot be correctly estimated apart from the improvements.
- C. It is inelastic, for
  - 1. It cannot be increased, for
    - a. The purpose of the single tax is to take all of the rent of land.
  - 2. The selling value and rental value of land fluctuate and will cause fluctuations in the amounts raised by the tax.
- D. It is inadequate, for
  - 1. In many poor communities the rent of land is insufficient to meet the expenses of government.
- E. It will lead to extravagance, for
  - 5. In many communities there are enormous land values and large funds will pour into the public treasury.
  - 2. The interest of citizens in having government economically administered will be lessened, for
    - (a) A majority will pay no taxes.
- F. Its adoption will necessitate the abolition of revenue taxes, such as the taxes on opium, liquors, tobacco, adulterated foods, etc., and of protective taxes, such as the tariff.
- III. As a scheme for social and economic reform the single tax on land values is undesirable, for
  - A. It will result in the confiscation of private property in land, for
    - 1. The appropriation by society of the rent and increase in value of land will abolish the selling value of land and constitute the state the universal landlord.
  - B. Confiscation of private property in land is not desirable, for
    - 1. By a process of evolution society has evolved from a state of common or community ownership of land to a state of private ownership of land.

2. Private ownership of land is the basis of our civilization.
- C. It will result in discouraging the policy of conservation, for
  1. A premium will be placed on exploiting natural resources.
  2. Timber lands especially will suffer, for
    - (a) The timber will have to be cut to pay the taxes, for
      - (1) The land yields no income until the timber is cut.

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